



Metro

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TO: BOARD OF DIRECTORS

THRU: ARTHUR T. LEAHY *by [signature]*
CHIEF EXECUTIVE OFFICER

FROM: KRISHNIAH N. MURTHY, EXECUTIVE DIRECTOR *[signature]*
DENNIS S. MORI, EXECUTIVE OFFICER – PROJECT DIRECTOR *[signature]*

SUBJECT: METRO GOLD LINE EASTSIDE EXTENSION PROJECT
CONTRACT C0803 EASTSIDE LRT CONSTRUCTORS
FINAL QUANTITY CLOSEOUT CREDIT OF \$9,024,958.41

ISSUE

Provide an update to the Board on the closeout of Contract No. C0803 - Tunnels, Stations Excavations, Trackwork, and Systems for Metro Gold Line Eastside Extension Project (Project No. 800088).

BACKGROUND

A credit of \$9,024,958.41, achieved during the closeout of the C0803 Contract, was deemed significant enough to advise the Board.

The Metro Gold Line Eastside Extension Project is a six-mile Light Rail Transit Project, which includes 1.7 miles of twin tunnels and eight stations (six at-grade and two underground). A hybrid project delivery system was utilized with the use of the design/build and design/bid/build contracting methods. The hybrid project delivery system was the result of comments received during industry reviews and an internal Metro risk assessment management process. Various risk sharing strategies and incentives were included in the Contract to obtain more competitive bids from the prospective bidders.

Contract C0803 - Tunnels, Stations Excavations, Trackwork, and Systems was awarded in June 2004 to the Eastside LRT Constructors in the amount of \$600,449,000. The Project was completed on-time, within budget with an exemplary safety record. Since the Public Opening on November 15, 2009, the Project has received much recognition and various outstanding achievement awards.

During the closeout of the Contract, Metro received a credit for programs and risk sharing items that were not fully implemented. Examples of the significant savings included:

- Dry Utilities Shared Incentive Program - was initiated for the Contractor and Metro to equitably share the risk of dry utilities (gas, telephone, power, cable, etc.) re-arrangement costs. After the design and actual dry utility rearrangement work were completed, the actual costs were well below the budgeted amount, resulting in a significant credit in the amount of \$4,446,706.
- Repair of Settlement Damage – A sum of \$2,000,000 was included to repair damage caused by tunneling or underground construction. However, since there was no measurable settlement on the Project the full credit of \$2,000,000 was received by Metro.
- Miscellaneous Items – Additional items such as archaeological and paleontological discovery, delay stand-by time, removal of contaminated soil, water treatment, and maintenance of utilities were not full utilized and resulted in a combined credit of \$2,184,686.41.
- Disputes Review Board – Metro budgeted \$450,000 for Metro's share of the cost of a Disputes Review Board. Metro risk sharing strategy resulted in a fewer disputes than originally anticipated. This yielded a credit of \$393,566, because the Disputes Review Board did not have to meet as often as originally planned.

This project management approach resulted in less than 5% total changes (including betterments, mitigations and other enhancements). The Metro Gold Line Eastside Extension Project was completed on-time and within budget.

FINANCIAL IMPACT

The credit amount of \$9,024,958.41 has been included in the total Metro Gold Line Eastside Extension Project (Project No. 800088). The remaining Project Contingency amount of \$2,700,000 reflects the credit amount of the Contract C0803 closeout value.

NEXT STEPS

Administrative closeout of Contract C0803 with the Eastside LRT Constructors will continue, as the Warranty Period began on September 1, 2010 and remaining contract retention will be released over the next few months.

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